

**VinaCafé Bien Hoa Joint Stock Company**

Separate Financial Statements  
for the year ended 31 December 2018



**VinaCafé Bien Hoa Joint Stock Company**  
**Corporate Information**

**Business Registration**  
**Certificate No.**

3600261626

29 December 2004

The Company's business registration certificate has been amended several times, the most recent of which is dated 5 May 2016. The business registration certificate and its amendments were issued by the Planning and Investment Department of Dong Nai Province.

**Board of Directors**

Pham Quang Vu	Chairman
Nguyen Hoang Yen	Member
Truong Cong Thang	Member
Pham Dinh Toai	Member
Pham Hong Son	Member
Nguyen Nam Hai	Member

**Board of Management**

Nguyen Tan Ky	Chief Executive Officer
Nguyen Thanh Tung	Deputy Chief Executive Officer
Doan Quoc Hung	Deputy Chief Executive Officer

**Registered Office**

Bien Hoa Industrial Zone 1  
An Binh Ward  
Bien Hoa City  
Dong Nai Province  
Vietnam

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate balance sheet as at 31 December 2018**

**Form B 01a – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 130 + 140 + 150)</b>	<b>100</b>		<b>1,557,658,160,844</b>	<b>2,816,028,884,393</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>194,188,479,024</b>	<b>2,492,489,365,182</b>
Cash	111		14,188,479,024	8,589,365,182
Cash equivalents	112		180,000,000,000	2,483,900,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,093,962,373,634</b>	<b>45,842,556,287</b>
Accounts receivable from customers	131		1,091,304,307,050	38,963,032,829
Prepayments to suppliers	132		1,548,557,594	948,955,498
Other receivables – short-term	136	6(a)	1,109,508,990	5,930,567,960
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>268,880,032,644</b>	<b>272,364,700,795</b>
Inventories	141		270,174,052,435	274,264,056,682
Allowance for inventories	149		(1,294,019,791)	(1,899,355,887)
<b>Other current assets</b>	<b>150</b>		<b>627,275,542</b>	<b>5,332,262,129</b>
Short-term prepaid expenses	151		627,275,542	3,863,046,417
Taxes receivables from State Treasury	153		-	1,469,215,712

*The accompanying notes are an integral part of these separate financial statements*

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate balance sheet as at 31 December 2018 (continued)**

**Form B 01a – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>712,604,316,731</b>	<b>806,886,354,941</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>137,798,908,217</b>	<b>126,276,944,931</b>
Loans receivable – long-term	215	8	120,000,000,000	116,000,000,000
Other long-term receivables	216	6(b)	17,798,908,217	10,276,944,931
<b>Fixed assets</b>	<b>220</b>		<b>522,964,256,809</b>	<b>586,858,584,969</b>
Tangible fixed assets	221	9	522,407,557,948	586,178,175,252
Cost	222		997,017,794,336	987,721,829,524
Accumulated depreciation	223		(474,610,236,388)	(401,543,654,272)
Intangible fixed assets	227	10	556,698,861	680,409,717
Cost	228		1,880,358,879	1,880,358,879
Accumulated amortisation	229		(1,323,660,018)	(1,199,949,162)
<b>Long-term work in progress</b>	<b>240</b>		<b>4,330,935,678</b>	<b>7,114,658,178</b>
Construction in progress	242	11	4,330,935,678	7,114,658,178
<b>Long-term financial investments</b>	<b>250</b>	<b>5</b>	<b>20,470,606,651</b>	<b>35,000,000,000</b>
Investments in subsidiaries	251		35,000,000,000	35,000,000,000
Allowance for diminution in the value of long-term financial investments	254		(14,529,393,349)	-
<b>Other long-term assets</b>	<b>260</b>		<b>27,039,609,376</b>	<b>51,636,166,863</b>
Long-term prepaid expenses	261	12	21,361,144,605	20,052,096,496
Deferred tax assets	262		5,678,464,771	31,584,070,367
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,270,262,477,575</b>	<b>3,622,915,239,334</b>

*The accompanying notes are an integral part of these separate financial statements*


**VinaCafé Bien Hoa Joint Stock Company**  
**Separate balance sheet as at 31 December 2018 (continued)**

**Form B 01a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*


	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>812,711,964,623</b>	<b>2,812,866,796,349</b>
<b>Current liabilities</b>	<b>310</b>		<b>806,212,272,662</b>	<b>2,806,781,839,880</b>
Accounts payable to suppliers	311		351,014,503,661	391,547,224,196
Advances from customers	312		7,436,439,795	17,118,507,057
Taxes payable to State Treasury	313	13	42,855,942,055	26,615,622,062
Accrued expenses	315	14	37,824,268,883	187,458,801,596
Other short-term payables	319	15(a)	3,401,855,478	1,755,848,143,143
Short-term borrowings	320	16	342,647,365,332	407,161,644,368
Bonus and welfare funds	322	17	21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>6,499,691,961</b>	<b>6,084,956,469</b>
Other long-term payables	337	15(b)	95,089,961	1,011,020,719
Provisions long-term	342		6,404,602,000	5,073,935,750
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,457,550,512,952</b>	<b>810,048,442,985</b>
<b>Owners' equity</b>	<b>410</b>	<b>18</b>	<b>1,457,550,512,952</b>	<b>810,048,442,985</b>
Share capital	411	19	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412		29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		948,274,072,037	300,772,002,070
- Undistributed profits after tax brought forward	421a		300,772,002,070	-
- Undistributed profit after tax for the current year	421b		647,502,069,967	300,772,002,070
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,270,262,477,575</b>	<b>3,622,915,239,334</b>

30 January 2019

Prepared by:

  
**Nguyen Thi Ngoc Tram**  
*General Accountant*

Approved by:

  
**Phan Thi Thuy Hoa**  
*Chief Accountant*

  
**Nguyen Tan Ky**  
*Chief Executive Officer*



*The accompanying notes are an integral part of these separate financial statements*



**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2018**

**Form B 02a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*


	Code	Note	Quarter IV		Year to date	
			2018	2017	2018	2017
			VND	VND	VND	VND
Revenue from sales of goods	01	21	1,166,860,886,636	1,224,242,023,185	3,451,841,005,095	3,340,943,744,090
Revenue deductions	02	21	855,528,190	27,457,780,573	19,817,740,644	91,379,739,219
Net revenue (10 = 01 - 02)	10	21	1,166,005,358,446	1,196,784,242,612	3,432,023,264,451	3,249,564,004,871
Cost of sales	11	22	882,927,747,159	740,389,722,794	2,583,201,643,077	2,025,237,980,285
Gross profit (20 = 10 - 11)	20		283,077,611,287	456,394,519,818	848,821,621,374	1,224,326,024,586
Financial income	21	23	8,477,436,123	31,159,838,274	40,761,453,633	98,813,652,158
Financial expense	22	24	13,756,333,120	4,618,944,577	32,922,536,049	11,673,302,206
<i>In which: interest expense</i>	23		5,591,420,897	4,600,126,401	18,078,537,177	11,417,754,176
Selling expenses	25		6,698,580,859	186,800,031,880	31,063,331,018	719,564,368,482
General and administration expenses	26		18,196,965,567	29,998,118,057	41,176,476,291	116,456,238,873
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		252,903,167,864	266,137,263,578	784,420,731,649	475,445,767,183
Other income	31		27,437,931	12,987,982	71,579,755	359,698,118
Other expenses	32		6,972,596	162,892,650	615,862,285	171,319,726
Results of other activities (40 = 31 - 32)	40		20,465,335	(149,904,668)	(544,282,530)	188,378,392
Accounting profit before tax (50 = 30 + 40)	50		252,923,633,199	265,987,358,910	783,876,449,119	475,634,145,575
Income tax expense – current	51		47,376,691,911	48,580,694,436	110,468,773,556	86,598,179,818
Income tax (benefit) expense – deferred	52		(2,104,157,762)	349,227,752	25,905,605,596	(2,864,223,135)
Net profit after tax (60 = 50 - 51 - 52)	60		207,651,099,050	217,057,436,722	647,502,069,967	391,900,188,892

30 January 2019

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant



  
 Nguyen Tan Ky  
 Chief Executive Officer

*The accompanying notes are an integral part of these separate financial statements*

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2018**  
**(Indirect method)**

**Form B 03a – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	<b>Code</b>	<b>2018 VND</b>	<b>2017 VND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>783,876,449,119</b>	<b>475,634,145,575</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	73,190,292,972	76,151,881,392
Allowances and provisions	03	20,243,924,504	9,428,164,448
Exchange (gains)/ losses arising from revaluation of monetary items dominated in foreign currencies	04	45,468,280	(44,376,301)
Profit from investing activities	05	(39,823,101,735)	(98,316,859,303)
Interest expense	06	18,078,537,177	11,417,754,176
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>855,611,570,317</b>	<b>474,270,709,987</b>
Change in receivables and other assets	09	(1,049,152,045,800)	5,156,035,800
Change in inventories	10	(899,196,754)	(89,102,665,861)
Change in payables and other liabilities	11	(195,475,586,482)	16,228,217,188
Change in prepaid expenses	12	7,077,845,250	6,268,674,178
		<b>(382,837,413,469)</b>	<b>412,820,971,292</b>
Interest paid	14	(17,773,438,883)	(10,402,886,165)
Income tax paid	15	(100,110,923,776)	(94,522,860,729)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(500,721,776,128)</b>	<b>307,895,224,398</b>

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**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2018**  
**(Indirect method - continued)**

**Form B 03a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	<b>Code</b>	<b>2018 VND</b>	<b>2017 VND</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	21	(12,394,298,383)	(14,051,783,601)
Proceeds from disposals of fixed assets	22	-	1,817,912,687
Payment for granting loans	23	(4,000,000,000)	(518,000,000,000)
Collection of granting loans	24	-	500,000,000,000
Placement of term deposits to banks and payment for other investment	23	(100,000,000,000)	(2,078,000,000,000)
Withdrawal of term deposits and collection of other investments	24	100,000,000,000	2,523,000,000,000
Receipts of interest	27	35,805,070,001	92,526,612,312
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>19,410,771,618</b>	<b>507,292,741,398</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	1,685,424,184,115	1,292,951,910,366
Payments to settle loan principals	34	(1,749,938,463,151)	(1,226,170,190,441)
Payments of dividend	36	(1,752,597,119,200)	-
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(1,817,111,398,236)</b>	<b>66,781,719,925</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(2,298,422,402,746)</b>	<b>881,969,685,721</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>2,492,489,365,182</b>	<b>1,610,438,753,970</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>121,516,588</b>	<b>80,925,491</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)</b>	<b>70</b>	<b>194,188,479,024</b>	<b>2,492,489,365,182</b>

30 January 2019

Prepared by:

  
**Nguyen Thi Ngoc Tram**  
*General Accountant*

Approved by:

  
**Phan Thi Thuy Hoa**  
*Chief Accountant*

  
**Nguyen Tan Ky**  
*Chief Executive Officer*

*The accompanying notes are an integral part of these separate financial statements*



**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**

**Form B 09a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying separate financial statements.

**1. Reporting entity**

**(a) Ownership structure**

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam.

**(b) Principals activities**

The principal activities of the Company are to manufacture and sell various kinds of coffees, instant cereals and non-alcoholic drinks in the domestic and export markets.

**(c) Normal operating cycle**

The normal operating cycle of the Company is generally within 12 months.

**(d) Company structure**

As at 31 December 2018, the Company has 1 subsidiary (1/1/2018: 1 subsidiary) as listed at Notes 5.

As at 31 December 2018, the Company had 318 employees (1/1/2018: 336 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these financial statements should be read in conjunction with the consolidated financial statements.

**(b) Basis of measurement**

The separate financial statements, except for the separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Company is from 1 January to 31 December. These financial statements are prepared for the year ended 31 December 2018.

**(d) Accounting and presentation currency**

The Company’s accounting currency is Vietnam Dong (“VND”) which is also the currency used for separate financial statements presentation purpose.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**  
**(continued)**

**Form B 09a – DN**  
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**(e) Corresponding figures**

The corresponding figures as at 1 January 2018 were brought forward from the audited figures as at 31 December 2017.

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these separate financial statements.

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rate of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of annual accounting period quoted by the commercial bank where the Company most frequently conduct transactions.

All foreign exchange differences are recorded in the separate statement of income.

**(b) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Investments**

**(i) Held-to-maturity investments**

Held-to-maturity investments are those that the Company's Board of Management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and other investments. These investments are stated at cost less allowance for doubtful debts.

**(ii) Investments in subsidiaries**

For the purpose of these separate financial statements, investments in subsidiaries are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of Management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.



**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**  
**(continued)**

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**(d) Trade and other receivables**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the separate statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 – 25 years
▪ machinery and equipment	3 – 20 years
▪ office equipment	3 – 7 years
▪ motor vehicles	5 – 10 years

**(g) Intangible fixed assets**

**(i) Software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 years.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**  
**(continued)**

**Form B 09a – DN**  
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**(ii) Brand name**

Cost of acquiring brand name is capitalised and treated as an intangible asset and is amortised on a straight-line basis over 8 years.

**(h) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the year of construction and installation.

**(i) Long-term prepaid expenses**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the separate statement of income on a straight-line basis over the remaining term of the lease of 43 years.

**(ii) Tools and supplies**

Tools and supplies include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Severance allowance**

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.



**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2018**  
**(continued)**

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**(l) Share capital and share premium**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of tax effects, are recognised as a deduction from share premium. The excess of proceeds from issuance of shares over the par value of shares issued is recorded as share premium.

**(m) Taxation**

Income tax on the separate profit or separate loss for the year comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the separate balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the accounting year.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(n) Revenue**

**(i) Sales of goods**

Revenue from sales of goods is recognised in the separate statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue from sales of goods is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Provision of services**

Revenue from provision of services is recognised in the separate statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue from provision of services is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Rental income**

Rental income from leased property is recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

**VinaCafé Bien Hoa Joint Stock Company**  
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**(o) Financial income and financial expenses**

**(i) Financial income**

Financial income comprises interest income from deposits, foreign exchange gains and interest income from other financial investments.

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings, allowance for diminution in value of long-term financial investments and foreign exchange losses.

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

**(p) Operating lease payments**

Payments made under operating leases are recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the separate statement of income as an integral part of the total lease expense.

**(q) Related parties**

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**4. Cash and cash equivalents**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	60,832,637	106,401,725
Cash in banks	14,127,646,387	8,482,963,457
Cash equivalents	180,000,000,000	2,483,900,000,000
Cash and cash equivalents in the separate statement of cash flows	194,188,479,024	2,492,489,365,182

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

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**5. Long-term financial investments**

**Investment in a subsidiary**

	% of equity owned and voting rights	31/12/2018			% of equity owned and voting rights	1/1/2018		
		Cost VND	Fair value VND	Allowance for diminution in value VND		Cost VND	Fair value VND	Allowance for diminution in value VND
Café De Nam Joint Stock Company ("CDN") (formerly known as CDN Production Trading Coporation)	85%	35,000,000,000	(*)	(14,529,393,349)	85%	35,000,000,000	(*)	-

(\*) The Company has not determined the fair value of this investment for disclosure in the separate financial statements because information about its market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or Vietnamese Accounting System for enterprises. The fair value of the equity investment may differ from its carrying amount.



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**6. Other receivables**

**(a) Other short-term receivables comprised**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable	636,191,781	4,334,283,333
Short-term deposits	402,000,000	1,132,677,200
Other receivables	71,317,209	463,607,427
	<hr/> 1,109,508,990	<hr/> 5,930,567,960

**(b) Other long-term receivables comprised**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from a subsidiary	17,793,908,217	10,077,784,931
Long-term deposits	5,000,000	199,160,000
	<hr/> 17,798,908,217	<hr/> 10,276,944,931

**7. Inventories**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Goods in transit	4,650,644,930	-	21,040,427,795	-
Raw materials	218,320,446,476	(490,497,084)	152,337,473,917	(128,614,804)
Tools and supplies	8,002,377,993	(803,522,707)	7,819,180,031	-
Finished goods	38,557,632,086	-	91,648,001,434	(1,770,408,875)
Merchandise inventories	642,950,950	-	1,418,973,505	(332,208)
	<hr/> 270,174,052,435	<hr/> (1,294,019,791)	<hr/> 274,264,056,682	<hr/> (1,899,355,887)



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Movements in the allowance for inventories during the year were as follows:

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Opening balance	1,899,355,887	2,886,850,716
Increase in allowance during the year	4,383,864,905	4,389,184,746
Allowance utilised during the year	(4,989,201,001)	(5,341,723,527)
Written back	-	(34,956,048)
	<hr/>	<hr/>
Closing balance	1,294,019,791	1,899,355,887
	<hr/>	<hr/>

Included in inventories as at 31 December 2018 was VND1,294 million (1/1/2018: VND1,899 million) of slow-moving inventories.

**8. Receivables on long-term lending loans**

	<b>31/12/2018</b> <b>VND</b>	<b>1/1/2018</b> <b>VND</b>
Long-term loans receivable from CDN, a subsidiary	120,000,000,000	116,000,000,000
	<hr/>	<hr/>

The long-term loans receivable of the Company was unsecured, bore fixed interest rate at 6.5% per annum as at 31 December 2018 and matures after 24-month since 31 December 2019. The interest is receivable on the maturity of the loan agreement.

## 9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
<b>Cost</b>					
Opening balance	203,621,464,636	776,619,955,019	3,082,922,634	4,397,487,235	987,721,829,524
Transfers from construction in progress	-	8,927,164,812	368,800,000	-	9,295,964,812
Closing balance	203,621,464,636	785,547,119,831	3,451,722,634	4,397,487,235	997,017,794,336
<b>Accumulated depreciation</b>					
Opening balance	52,113,103,886	343,384,480,813	2,855,601,424	3,190,468,149	401,543,654,272
Charge for the year	11,126,715,765	61,445,437,331	137,186,454	357,242,566	73,066,582,116
Closing balance	63,239,819,651	404,829,918,144	2,992,787,878	3,547,710,715	474,610,236,388
<b>Net book value</b>					
Opening balance	151,508,360,750	433,235,474,206	227,321,210	1,207,019,086	586,178,175,252
Closing balance	140,381,644,985	380,717,201,687	458,934,756	849,776,520	522,407,557,948

Included in the cost of tangible fixed assets were assets costing VND171,785 million which were fully depreciated as of 31 December 2018 (1/1/2018: VND VND162,397 million), but are still in active use.

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**10. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,004,073,640	876,285,239	1,880,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,004,073,640	195,875,522	1,199,949,162
Charge for the year	-	123,710,856	123,710,856
Closing balance	1,004,073,640	319,586,378	1,323,660,018
<b>Net book value</b>			
Opening balance	-	680,409,717	680,409,717
Closing balance	-	556,698,861	556,698,861

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 31 December 2018 (1 January 2018: VND1,004 million), but are still in active use.

**11. Construction in progress**

	<b>2018 VND</b>
Opening balance	7,114,658,178
Additions during the year	11,663,364,796
Transfers to tangible fixed assets	(9,295,964,812)
Transfers to long-term prepaid expenses	(5,151,122,484)
Closing balance	4,330,935,678

During the year ended 31 December 2018, there was no borrowing cost capitalised into construction in progress of the Company.

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**12. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and Supplies VND</b>	<b>Total VND</b>
Opening balance	14,903,157,509	5,148,938,987	20,052,096,496
Additions during the year	-	765,817,782	765,817,782
Transfer from construction in progress	-	5,151,122,484	5,151,122,484
Amortisation for the year	(402,788,040)	(4,205,104,117)	(4,607,892,157)
Closing balance	14,500,369,469	6,860,775,136	21,361,144,605

**13. Taxes payable to State Treasury**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Corporate income tax	36,870,890,625	26,513,040,845
Value added tax	5,778,028,469	-
Personal income tax	207,022,961	102,581,217
	42,855,942,055	26,615,622,062

**14. Accrued expenses**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Advertisement and promotion expenses	-	129,727,486,841
Bonus and 13 <sup>th</sup> month salary	16,356,553,025	7,866,413,900
Research and development expenses	-	4,318,011,343
Purchases not yet received invoices	8,252,754,279	855,494,621
Sales discounts	-	20,875,377,191
Accrued interest expenses	1,731,400,260	1,426,301,966
Construction in progress	929,553,800	658,000,000
Logistics expenses	-	15,199,962,019
Others	10,554,007,519	6,531,753,715
	37,824,268,883	187,458,801,596



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**15. Other payables**

**(a) Other payables – short-term**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Dividend payables	1,652,178,000	1,754,222,910,000
Social insurance, health insurance, unemployment insurance and trade union fees	238,386,405	212,109,190
Short-term deposits received	1,217,744,908	1,093,187,218
Others	293,546,165	319,936,735
	<hr/>	<hr/>
	3,401,855,478	1,755,848,143,143
	<hr/>	<hr/>

**(b) Other payables – long-term**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	95,089,961	1,011,020,719
	<hr/>	<hr/>

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**16. Short-term borrowings**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Carrying amount VND</b>	<b>Amount within repayment capacity VND</b>	<b>Carrying amount VND</b>	<b>Amount within repayment capacity VND</b>
Short-term borrowings	342,647,365,332	342,647,365,332	407,161,644,368	407,161,644,368

Terms and conditions of outstanding short-term borrowings were as follows:

	<b>Currency</b>	<b>Annual interest rate</b>	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Unsecured bank loans	VND	5.1% - 6.7%	342,647,365,332	407,161,644,368

As at 31 December 2018, the Company does not have any overdue borrowings including principal and interest.

**17. Bonus and welfare funds**

This fund is established by appropriating from undistributed profits after tax as approved by shareholders at the Annual General Meeting of Shareholders of the Company. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	<b>2018 VND</b>	<b>2017 VND</b>
Opening and closing balances	21,031,897,458	21,031,897,458

There was no bonus and welfare funds appropriated from profit after tax at the Annual General Meetings of the Company's shareholders on 10 April 2018 and 15 April 2017

**VinaCafé Bien Hoa Joint Stock Company**

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**18. Changes in owners' equity**

	Share capital VND	Share premium VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Total owners' equity VND
<b>Balance at 1 January 2017</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>1,663,094,723,178</b>	<b>2,172,371,164,093</b>
Net profit for the year	-	-	-	391,900,188,892	391,900,188,892
Dividends	-	-	-	(1,754,222,910,000)	(1,754,222,910,000)
<b>Balance at 31 December 2017</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>300,772,002,070</b>	<b>810,048,442,985</b>
<b>Balance at 1 January 2018</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>300,772,002,070</b>	<b>810,048,442,985</b>
Net profit for the year	-	-	-	647,502,069,967	647,502,069,967
<b>Balance at 31 December 2018</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>948,274,072,037</b>	<b>1,457,550,512,952</b>

(\*) Investment and development fund was appropriated from undistributed profits after tax in accordance with the resolution of Annual General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

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**19. Share capital and Share premium**

The Company's authorised and issued share capitals are:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>	-	29,974,241,968	-	29,974,241,968

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There were no movements in share capital during the year.

**20. Off balance sheet items**

**Foreign currency**

	31/12/2018		1/1/2018	
	Original currency	VND Equivalent	Original currency	VND equivalent
USD	392,617	9,085,157,380	56,025	1,269,529,446



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**21. Revenue from sales of goods**

Total revenue represented the gross value of goods sold exclusive of value added tax.

Net revenue comprised:

	<b>2018 VND</b>	<b>2017 VND</b>
Total revenue	3,451,841,005,095	3,340,943,744,090
Less revenue deductions		
▪ Sales discounts	2,280,157,248	50,514,661,505
▪ Sales returns	17,537,583,396	40,865,077,714
	<hr/> 19,817,740,644	<hr/> 91,379,739,219
Net revenue	<hr/> 3,432,023,264,451	<hr/> 3,249,564,004,871

**22. Cost of sales**

	<b>2018 VND</b>	<b>2017 VND</b>
Total cost of sales		
▪ Goods sold	2,578,817,778,172	2,020,883,751,587
▪ Allowance for inventories	4,383,864,905	4,354,228,698
	<hr/> 2,583,201,643,077	<hr/> 2,025,237,980,285

**23. Financial income**

	<b>2018 VND</b>	<b>2017 VND</b>
Interest income from deposits and other investments	32,106,978,449	91,271,309,534
Interest income from loans to a subsidiary	7,716,123,286	6,951,509,930
Foreign exchange gains	751,804,147	590,832,694
Others	186,547,751	-
	<hr/> 40,761,453,633	<hr/> 98,813,652,158

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**24. Financial expenses**

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Interest expense	18,078,537,177	11,417,754,176
Foreign exchange losses	314,605,523	255,548,030
Allowance for diminution in value of long-term financial investment	14,529,393,349	-
	32,922,536,049	11,673,302,206

**25. Significant transactions with related parties**

During the year and as at the year end, the Company has the following transactions and balances with related parties:

	<b>Transaction value</b>		<b>Receivables/(payables)</b>	
	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>	<b>31/12/2018</b> <b>VND</b>	<b>1/1/2018</b> <b>VND</b>
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	2,959,106,972,554	411,007,822	1,070,218,150,205	-
Purchases of goods	74,467,360,692	50,224,165,565	-	(3,870,083,455)
Management service charge	-	159,438,082,170	-	(87,828,531,406)
<b>Parent company</b>				
<b>Masan Beverage One Member Company Limited</b>				
Dividends declared	-	1,200,921,084,000	-	(1,200,921,084,000)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	548,878,609	397,001,288	-	-
Purchases of goods	584,980,796	432,371,661	(383,094,652)	(167,505,036)
Purchase of service	23,787,314,567	14,683,244,151	(10,005,161,483)	(7,850,547,520)
Management service charge	1,440,000,000	2,150,993,748	(1,584,000,000)	(2,366,093,123)
Purchases of fixed assets	-	118,094,403	-	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	25,506,000	1,201,922,352	-	-
Purchases of goods	195,937,259,989	151,529,434,461	(28,134,478,637)	(21,383,786,010)
Purchase of service	98,671,200,000	88,482,480,192	(34,246,994,866)	(18,016,844,285)
Sales of services	10,965,500	11,145,050	-	-

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	Transaction value		Receivables/(payables)	
	2018	2017	31/12/2018	1/1/2018
	VND	VND	VND	VND
<b>Quang Ninh Mineral Water Corporation</b>				
Purchases of goods	748,179,122	47,170,162	3,096,660	-
<b>Subsidiary</b>				
<b>Café De Nam Joint Stock Company (“CDN”) (formerly known as CDN Production Trading Corporation)</b>				
Sales of goods	846,278,011	267,419,904	1,324,237,106	-
Sales of services	913,113,267	604,789,654	273,624,619	351,953,419
Sales of fixed assets	-	1,676,020,000	64,560,434	1,564,705,111
Purchases of goods	2,333,777,820	5,460,906,912	-	(519,650,191)
Loans receivable	4,000,000,000	18,000,000,000	120,000,000,000	116,000,000,000
Interest income from loans	7,716,123,286	6,951,509,930	17,793,908,217	10,077,784,931
Purchase of fixed asset	-	464,980,552	-	-
<b>Key management personnel</b>				
Remunerations	3,580,261,904	1,623,309,867	-	-

## 26. Explanation for fluctuation in net profit after tax

Net profit after tax for quarter 4 of 2018 lightly decreased by VND9.4 billion, equivalent to 4% when comparing with the same period in previous year. This is mainly due to:


- Net revenue decreased by 3% compared to the same period in previous year; however, the Company's profit from operating activities before tax (no comprise of finance result) increased by VND18.6 billion equivalent to 8% when comparing with the same period in previous year as a result of the transformation of business model from “sales driven” to “brands building” and centralising the sale and distribution of the Company to sell through Masan Consumer Corporation (the parent of parent company).
- Decreased net financial activities by VND31.8 billion as compared to the same period last year, primarily from lower cash balance as a result of dividend pay-out.


30 January 2019

Prepared by:

  
Nguyen Thi Ngoc Tram  
General Accountant

Approved by:

  
Phan Thi Thuy Hoa  
Chief Accountant

  
Nguyen Tan Ky  
Chief Executive Officer

